ATTRACTING, RECRUITING, AND RETAINING SKILLED WORKERS IN RETAIL ORGANIZATIONS

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ABSTRACT

Attracting, recruiting, and retaining skilled workers have been a phenomenon for the past decade in retail organizations. This challenge may have a lot to do with the society's perceived negative reputation stigma of retail careers. The society is also unaware of the multi-directional career path opportunities that retail management jobs have to offer. People who secure their entry-level positions in retail leave for another industry after 6 months to 1 year because of the belief that retail career is not as prestigious as other business careers such as accounting and finance. High turnover has increased labor costs for retailers; the cost of replacing a trained worker is over $10,000. In the US, the retail industry controls 20% of the national workforce. For these reasons, high turnover and low retention rates in the retail industry should be a national concern. Therefore, retailers should be enlightened on how to improve the industry's image and attract and retain potential skilled workers in the industry. The research indicated that if retailers collaborated with recruiters and educators to showcase what retailers have to offer skilled workers, negative perception about retail careers may be mitigated if not eliminated. Retail organizational leaders could apply the recommendations in this study to develop better recruitment, turnover, and retention strategies to reduce the employee turnover and retention dilemma the industry is facing. Reduced turnover rate may lead to the possibility of low labor costs, increased organization profits, increased employment opportunities for skilled workers, and sustainability for retailers.

Keywords: Retail organization, Retail industry, Turnover, Skilled workers, Retail industry dilemma, Recruitment and retention

Introduction

Turnover rate in the retail industry is about 34.47% (Bureau of Labor Statistics [BLS], 2007); the highest in many industries (Hurst & Good, 2009). Attracting, recruiting, and retaining skilled workers have become a common major phenomenon for retail organizations (Ellinger, 2007).

The society has negative perceptions about retail career; and skilled employees do not stay long on the job. The costs of replacing trained skilled workers are increasing expenses for retailers (McKay, Sheldon, Avery, Tonidandel, Morris, Hernandez, & Hebl, 2007). If this phenomenon persists, sustainability will be a challenge for the retail industry. Sumanjeet (2012) therefore, suggested that retail leaders should develop a strategic growth plan to address the hiring and turnover challenges faced by retailers.

It is believed that students in retail related programs do not have the knowledge and skills needed for retail careers (Liu, 2010). Educators, practitioners, and recruiters can help prepare skilled workers especially college students for retail-related careers; this preparation will enable them to establish themselves and their careers to transition from college to the business world (Hurst & Good, 2009; Liu, 2010).

Employees are a significant asset to any organization. It is therefore, crucial for organizations to retain their valuable assets. The retail industry controls about 20% of the national workforce (Hurst & Good, 2009). Some retail managers believed that skilled workers will be a crucial asset for retailers; however, these workers are not attracted to retail careers. It is crucial to uncover and understand perceptions and or practices that are adversely affecting recruitment, turnover, and retention in retail organizations. Mitigating employee turnover and increasing retention rate is significant to the national economy. Mitigating employee turnover will reduce expenses, increase retention, enhance profit, and ensure sustainability for retailers. If the pay rates in the retail industry were comparable with the other industries, recruitment and turnover challenges would be minimal. As stated by some previous researchers, future research should focus on a study of employee recruitment, retention, (Hurst & Good, 2009) and employee turnover (Chang, Wang, & Huang, 2013).

Perception and Previous Experience of Retail Career

As noted by Hurst & Good (2009), previous part-time retail experience might influence a person's future career decisions. Because of part-time negative work experience, skilled workers may develop negative perception that retail careers are not as prestigious and appealing as other business-related careers such as finance and accounting. There is task complexity in retail environment. In retail organizations, career advancement is undefined; and pay is lower than in other careers (Broadbridge, Maxwell, & Ogden, 2007a). Recognition and respect are motivators and contributing factors to job satisfaction. Broadbridge, Maxwell, & Ogden (200 7b) urged the retailers to present a good image of the retail industry and retail as a feasible career choice for skilled workers.

Society is unaware of the multi-directional career path opportunities available in retail management jobs (Plummer, 2010). The retail industry needs to collaborate with educational institutions that offer retail curriculum to raise society's awareness of opportunities available in the retail industry (Broadbridge et al., 2007a). Broadbridge et al. (2007b) revealed that students in retail curriculum indicated retail is a good career choice. Educators should therefore help students to master the practical aspect of retail to supplement the theoretical aspect learned in the classrooms (Broadbridge et al., 2007a). Hurst & Good (2009) noted that retail managers should provide the right training and mentoring for new hires.

Preparedness for Retail Work

Liu (2010) noted that students in retail curriculum fall short of retail-related knowledge, experience, and skills. Zhu, Ilet, and Shutt (2011), indicated that retail curriculum is too theoretically oriented. Educational institutions that offer retail curriculum should re-design their programs based on the needs in the retail industry and embark on work internship for students' practical experience (Liu 2010).

Attracting and Recruiting Competent Skilled Workers

There are not enough skilled workers to manage businesses; hence, retailers should improve work effectiveness and quality (Zhu et al., 2011). Organizational attractiveness (OA) is one of the main factors that potential employees consider in decisions to accept/reject a job offer, and remain with that organization (Jiang & Iles, 2011). The retail industry must strive to make itself attractive to potential employees.

The National Association of Colleges and Employers (NACE) executives indicated that the hiring process in the retail industry was inefficient; as employers hire one out of four potential employees interviewed. Recruiters determine a potential employee's employability based on academic qualifications, work experience, and extracurricular activities (Cole, Rubin, Field, & Giles, 2007). However, these criteria may be prone to attribution error. Recruiter's judgment regarding applicants' interview performance may also be prone to attribution error Cole et al., 2007)

Recruiters need to develop new recruiting strategies to manage the new generation (Sampath, 2007). Multinational retail organizations are now evolving; global growth is an opportunity in the retail industry. Top U.S. retailers are collaborating with major universities to attract and recruit top talents; an example is Indiana University and Sears.

Personal and professional growth opportunities attract the new generation (Bell & Griffin, 2010). Recruitment and retention should be part of a continuous process and practice (Breihan, 2007). Managers should endeavor to understand the characteristics, key motivators, and work styles of each generation (Glass, 2007) as each generation reacts differently to different motivational factors. Positive internship or part-time work experience may make skilled workers return after graduation for full-time employment (Jaidi , VanHooft, & Arends, 2011). Human capital should be enhanced to increase productivity; which will in turn reduce labor cost (Qu & Cai, 2011).

Promotion Process

Employees want to feel the sense of belonging by being part of the decision-making process. They are the ones doing the job; therefore, they want to have a say in how to do the job. Employees are rated during performance evaluation; however most of them get little or no feedback from their supervisors on what they are doing correctly and what they need to improve on (Starks, 2007). This lack of feedback is frustrating to employees. There is favoritism in the promotion process in organizations including retails; sometimes it is not what you know but who you know that gets you promoted. Established business processes and practices need to be improved to reduce grievances and turnover rates.

Employee Turnover, Its Impacts, and How to Reduce It

Employee turnover is high in retail organizations (Hurst & Good, 2009). Anantharaja (2009) noted that low pay rates, lack of career development, stressful and tough schedule, poor recognition, lack of challenging responsibilities, and poor communications are the main drivers of turnover. Work-family conflict may force employees to quit their jobs (Gonzales, 2009). In retails, most employees are required to work weekends; while their friends and families are off from work. Lack of effective communication such as feedback from supervisors after performance evaluations is frustrating as it leaves employees wondering what they did well and what they need to improve on. Not scheduling enough workers to do the job, which is stressful, is another reason for turnover. There is lack of good supervisor-employee relationship and an effective internal dispute-resolution procedure to resolve grievances before they escalate to turnover (Haines, 2010).

A high turnover rate may indicate low job satisfaction. Employee commitment is not strong in the retail industry; job security and career advancement is unattractive (Prince, 2003). Turnover is expensive; it negatively impact productivity, erodes profitability and an organization's human capital, which is critical to its success (Ongori & Agolla, 2008). High employee turnover and low retention rate could also result to decreased service quality, innovation execution, loss of assets,

and sustainability challenges. Turnover makes the job more stressful for the remaining employees. Turnover of valuable workers may disrupt innovation and project execution.

Implementing better recruiting and career advancement strategies could attract talented skilled workers and help keep them motivated and engaged. The retail industry may thereby be able to increase employee retention rate, reduce operating costs, increase success and sustainability, and provide more employment opportunities for skilled workers if it implements better recruiting and career advancement strategies. Challenging responsibilities may be motivating to some employees as it can help them to self-develop themselves.

Employees with high organizational support are not likely to quit their jobs. Organizations should encourage and motivate employees' professional growth and development (Perryer et al. 2010). Retailers can mitigate employee turnover by hiring based on criteria such as length of stay with previous employers, level of self-motivation, and self-confidence (Barrick & Zimmerman, 2009). Brown (2011) asserted that organizations may be able to increase employees' retention rate if they provided a work environment where employees can grow personally and professionally. Cisco's Choice system of recruitment of 2006 enabled it to maintain a 98% employee retention rate (Gerdes, 2009).

Adopting a career ladder approach could help retailers pursue strategic plan that enhanced hiring, retaining, and advancing their employees (Prince, 2003). Career path was defined as workers were able to improve their skills through training and education. Some expert recruiters suggested that organizations redesign their training programs for them to retain their most valuable workers (Gonzalez, 2009). Gonzalez (2009) noted that Human Resource (HR) should recognize attracting and retaining competent workers as the two crucial elements in an organization's strategy formulation. Retailers and educators could collaborate to re-design retail curriculum, organize internships to prepare students for retail employment and thereby reduce recruitment challenges for retailers. Understanding these causes and the impacts on retail organizations could help retail leaders in developing recruitment, turnover, and retention strategies that could reduce turnover and increase employee retention rates.

Employee Retention

Employee retention is a dilemma in the retail industry as the industry has the highest turnover rate of 34.47% (Bureau of Labor Statistics [BLS], 2007) compared to other industries. Employee commitment is weak in the retail industry (Prince, 2003).

Organizations that endeavor to enhance employee retention rate will avoid losing talented staff (Nwokocha & lheriohanma, 2012). Nwokocha and lheriohanma suggested that organizations

should encourage employee involvement in decision-making. Leaders should be good listeners, motivate, inspire, and challenge their employees to retain them and improve the quality of the services provided to customers (Levoy, 2007). Good and direct personal communication between employees and their supervisors tend to increase retention rates.

Job independence, good benefit package, and opportunities (Starks, 2007) for advancement may help increase employee retention rates. Performance management system (PMS) helps to increase employee commitment and accountability (Becker & Huselid, 2007) and should be part of career advancement process. Performance management system enables employees an opportunity to discuss their performance, plan for the future, and identify areas of development and improvement with their managers in a constructive manner that benefits both the employees and the organization. Supporting, recognizing, and appreciating employees can help increase retention rate (Amundson, 2007; Cook & Engel, 2007; Perryer et al., 2010). Effective communication and leading by example are critical to the leader-follower relationship (Nicholas, 2010). As stated by Glass (2007), managers need to recognize the key motivators for each work group and may have to redesign their existing practices as different groups react differently to motivational factors. On-the-job training provided by retailers could help in skill-building. Internal dispute-resolution processes should be superb.

Retail organizations should make internships and part-time employment positive experiences for part-timers as they may return for full time employment. Organizational support such as tuition reimbursement, creating a work-life balance, designing a career path for top performers, and using industry compensation going-rates are motivational factors to enhance employee retention rate. Employees value an on-going educational and development process in the course of their career (Perryer et al., 2010); retailers should therefore provide professional advancement programs for their employees to retain them. Bell and griffin (2010) indicated organizations may attract new generation if they provide opportunities to grow personally and professionally. As Glass (2007) noted, organizations need to recognize the key motivators for each generation and redesign their existing business practices.

Open-door policy should be encouraged to resolve grievances before they become dissatisfaction and or turnover. Effective communication is crucial to keeping the employees engaged and productive. Keeping employees engaged may make them happy and committed. Employees will feel the sense of belonging if they are included in their organizations' decision-making. It may be challenging to retain employees on the job if they have no say in how to do the job. Retailers should implement mentoring programs that can help mold new hires so they can succeed in their careers. Effective dispute resolution process should be in place to resolve grievances before aggrieved employees make their quit decisions.

To reduce labor costs (Perryer et al., 2010), retail managers need to realize the impact of feedback to employees about performance evaluation. Customer interaction and flexible work hours could be appealing advantages in retail employment. Retailers should assess their organizations; restructure career advancement and recruitment processes and redesign managers' schedule. Retailers could offer incentives to help retain their valuable workers and increase their competitiveness in the marketplace.

Recommendations

To increase the knowledge for attracting, recruiting, and retaining competent skilled workers in the workforce, recruiters might need to revise their recruitment and hiring strategies. To make retail career attractive to competent skilled workers, it is important to identify criteria that could be adjusted in the retail recruitment and or career advancement processes. Retail supervisors need to improve on effective communication. Employees may quit their jobs because of bad supervisors (Nicholas, 2010). Good supervisor-employee relationship is therefore crucial to achieve high retention rate. Providing motivating responsibilities to employees is also a necessity to reduce turnover rate. Feedback to employees after performance evaluation will enable employees to improve their job performance. Because retail work schedule is awkward and complex, retailers should consider providing organizational support to motivate employees, balance work/life conflicts, and reduce stress. Resources should be committed to reducing turnover and increasing retention. Promotion of employees should be from within as much as possible to build a corporate culture that may help to increase the retention rate.

Pay rates in retail organizations should be comparable with the other industries. Retailers should embark on more programs that could help develop their employees personally and professionally. Employees should be motivated with challenging responsibilities to keep them engaged and committed to their organizations.

Recommendation for Future Studies

Turnover is not a new topic in research; however, there are not enough studies on recruitment, turnover, and retention of skilled workers in the retail industry. Future studies should focus on employee-supervisor relationship as a strategy for improving job performance, job satisfaction, job commitment, turnover, and retention problems. Another area of focus for future study is the impacts of the collaboration between retailers and educators on overcoming recruitment, turnover, and retention dilemmas in the retail industry.

Conclusion

Employee turnover and retention have been a dilemma in the retail industry. As turnover increases, labor costs increase and hence; sustainability becomes a challenge for retail organizations. Retail executives therefore, need to be enlightened on strategies needed to reduce turnover and recruitment challenges and increase retention rate.

Some of the causes of employee turnover are low pay, tough schedule, stressful job environment, little or no opportunity for career advancement, lack of challenging responsibilities, lack of prestige, unfair business processes, and lack of effective communication. According to a study conducted by Monster, remuneration is one of the three main reasons, why employees quit their jobs. Other causes of turnover are low pay, rough schedule, stressful job environment, little or no opportunity for advancement, and lack of challenging responsibilities.

Providing good supervisor-employee relationship, recognition, motivating responsibilities, and appreciating employees could help in overcoming recruitment, turnover, and retention challenges in the retail industry. Retailers should practice participative management style which as noted by Gonzales (2009), had been proven to lower turnover rates. Retail leaders should stimulate and motivate their employees who in turn will interact with customers in a positive and welcoming attitude; which could create repeat customers. Retailer should provide their employees the opportunity for advancement to attract and retain competent skilled workers. To reduce labor costs and increase competitiveness, retailers should direct their efforts and resources towards employee retention.

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